

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4502-01
Bill No.: HB 1934
Subject: Elections
Type: Original
Date: April 10, 2018

Bill Summary: This proposal requires the Secretary of State to establish a system for automatic voter registration.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| General Revenue | (\$1,127,476) | \$0 | \$0 |
| Total Estimated Net Effect on General Revenue | (\$1,127,476) | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 to (unknown) | \$0 to (unknown) | \$0 to (unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the Office of the **Secretary of State (SOS)** assume the following:

HB 1934 implements an automatic voter registration program. The proposal requires the Department of Revenue (DOR) to transmit to the SOS records containing information of eligible voters, based on driver's license records. This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, the SOS assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic DOR data, to sync DOR driver's license data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of \$1,000,000 in FY 2019.

This proposal requires local election authorities to send notice of opportunity to decline registration to each individual in the DOR database with a driver's license that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. There were 4,190,437 individuals in Missouri eighteen or older with an unexpired driver's license as of November 3, 2017 (most recent number available at time of response) and 4,095,837 registered voters as of November 1, 2017. Based on these numbers, the initial sync of DOR and SOS data could result in notices being mailed to up to 94,600 individuals, which at the current postage rate of \$0.49 could cost up to \$46,354 (possibly more, depending on the increase in the number of individuals holding a driver's license). Additionally, each notice must include a paid postcard for the purposes of declining registration, which effectively doubles the cost of each notice, to an estimated maximum of \$92,708 beginning in FY 2019.

Future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates and number of individuals applying for drivers and non-drivers licenses.

In addition, the SOS assumes many bills considered by the General Assembly include provisions

ASSUMPTION (continued)

allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Revenue (DOR)** assume the following regarding the proposal:

§115.970.1 - Requires the Secretary of State to establish a process to conduct automatic voter registration based on driver license information.

§115.970.2 - Requires the Department to periodically provide to the Secretary of State information they determine as necessary to conduct recommendations for automatic voter registration.

Since there is not a specific time frame defined within the proposed language, the DOR assumes it will provide a regularly scheduled file of all driver license, nondriver license and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they were currently registered to vote, applicants who responded that they were not registered to vote and did not want to register to vote, and applicants who completed the voter registration application at the time of license or permit issuance.

The "necessary" information is also not defined, however the DOR assumes that it will be required to send name, date of birth, address and at a minimum the last 4 digits of the social security number. The DOR also assumes there may also be a requirement to send a copy of the applicant's signature for final voter registration processing.

§115.970.6 - Specifies that the provisions of this section shall be subject to the appropriation and payments of funds necessary to conduct automatic voter registration and verification procedures.

The DOR would not pursue developing the required data files if appropriations have not been made to the Secretary of State, local election authorities, and the DOR to implement the required provisions.

ASSUMPTION (continued)

§115.970.7 - Allows the office of the Secretary of State to promulgate rules as necessary. The DOR would be required to meet with the Secretary of State's office as needed during the rule development process.

Administrative Impact

To implement the proposed changes, the Department will be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule;
- OA-ITSD must develop a data pull process for defining records for submission to the Secretary of State;
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State;
- Test the file generation and transfer process to ensure all required data elements and signatures are sent as required; and
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.

FY 2019 - Driver License Bureau

| | | |
|-----------------------------|----------------------------|------------|
| Administrative Analyst II | 160 hrs. @ \$17.13 per hr. | = \$ 2,741 |
| Management Analysis Spec II | 160 hrs. @ \$20.57 per hr. | = \$ 3,291 |
| Revenue Manager Band I | 40 hrs. @ \$25.05 per hr. | = \$ 1,002 |
| Total | | = \$ 7,034 |

FY 2019 - Personnel Service Bureau

| | | |
|----------------------------|---------------------------|------------|
| Administrative Analyst III | 10 hrs. @ \$19.43 per hr. | = \$ 194 |
| Total Cost | | = \$ 7,228 |

OA-ITSD services will be required at a cost of \$27,540 (367.20 hours x \$75 per hour) in FY 2019.

In summary, DOR assumes a cost of **\$34,768** (\$7,228 + \$27,540) in FY 2019.

Officials from the **Joint Committee on Administrative Rules** assume the proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Platte County Board of Elections** assume Section 115.970 - postcard sent to voters to decline automatic registration will be an anticipated cost of \$2.50 per mail piece, which includes the pre-paid (BRM) postage and accounting fee, postage to mail two-part postcard which must be mailed at 1st class mail rate, cost of printing (toner) and cardstock.

Using the average of 250 Department of Revenue cards per week
 $\$2.50 / \text{per card} \times 250 = \625 per week
 $\$625 / \text{week} \times 52 \text{ weeks} = \mathbf{\$32,500 / per annum}$

Officials from the **St. Louis County Board of Election Commissioners** assume the proposal will have no fiscal impact on their organization.

Oversight assumes this proposal will require local election authorities to have additional costs for postage and processing therefore, Oversight will reflect a \$0 or unknown cost to the local election authorities.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles City Administrator, St. Louis City Budget Division, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, and Worth did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|------------------------------------|------------------------------------|------------------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Cost - SOS</u> | | | |
| reprogramming changes to MCVR | (\$1,000,000) | \$0 | \$0 |
| <u>Cost - SOS</u> | | | |
| postage and processing | (\$92,708) | (Unknown) | (Unknown) |
| <u>Cost - DOR</u> | | | |
| administrative costs to implement | (\$34,768) | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>(\$1,127,476)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
| LOCAL ELECTION AUTHORITIES | | | |
| <u>Cost</u> | | | |
| postage and processing | <u>\$0 to (unknown)</u> | <u>\$0 to (unknown)</u> | <u>\$0 to (unknown)</u> |
| ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES | <u>\$0 to (unknown)</u> | <u>\$0 to (unknown)</u> | <u>\$0 to (unknown)</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires the Secretary of State to enable a system for automatic voter registration that will make use of driver's license information from the Department of Revenue to register voters. Those eligible for registration will receive notice and a chance to decline registration. Local election authorities will retain the ability to screen voters for eligibility, to conduct notice for registration, and to remove ineligible voters from registration lists.

FISCAL DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Revenue
Platte County Board of Elections
St. Louis County Board of Election Commissioners

Ross Strope



Acting Director
April 10, 2018